

SELECT CRYPTONYM

DTPILLAR

PROJECT ACTION

	TYPE OF ACTION	F1/C1	XX	CA		OTHER		
	NEW PROJECT APPROVAL	DIVISION Covert Action Staff						
	AMENDMENT NO.	FIELD STATION						
	X RENEWAL FY 1967	BRANCH	CA/2	DESK				
	EXTENSION	CASE OFFICER	/C					DATE 26 Sept 66
	TERMINATION	ROOM NO.	4 D 30	BUILDING	TEL. EXT.	RED 9013		BLACK 7310

CONCURRENCES OF DIVISIONS

ORGANIZATIONAL ELEMENT	TYPED NAME (and signature)	DATE	DO NOT USE THIS SPACE		
C/CA/2	[initials]	27 Sep 66			
C/CA/B&P	[initials]	27 Sep 66			
C/CA/SG	[initials]	28 Sep 66			
CA/COPS	[initials]	28 Sep 66			
C/CA/PBG	[initials]	5 Jan 67			
DC/CA	[initials]	10 Jan 67			
C/CA	[initials]	11 Jan 67			

CONCURRENCES OF OTHER COMPONENTS

		DATE	COPY NO.	MEMO ATTACHED	
C/TE/CA	[initials]	10 Nov 66		YES	✓
ME/COP	[initials]	31 Oct 66		NO	
MPS/BG/CA	[initials]	24 JAN 1967		DATE	
MPS/C-BG	[initials]	24 JAN 1967		DECLASSIFIED AND RELEASED BY CENTRAL INTELLIGENCE AGENCY SOURCES METHODS EXEMPTION 382B NAZI WAR CRIMES DISCLOSURE ACT DATE 2007	

APPROVED SUBJECT TO ANY LATER REVISION INDICATED ON FORM 2500

APPROVAL

	PERIOD		AMT THIS ACTION	FY	REVISED TOTAL	
	FROM	TO				
	1 July 1966	30 June 1967	\$ 8,510,000	1967	\$	
APPROVING AUTHORITY	SIGNATURE		DATE	26 JAN 1967		
A Deputy Director for Plans	<i>A. J. Karanassines</i>					

S E C R E T

CA/PEG Project Record Sheet

Initials Date

1. DC/CA/PEG	C 7	5 Jan	Project Name:	DTPILLAR
2. C/CA/PEG (signature)	C]	5 Jan	Country:	CA/Branch 2
3. C/CA (signature)	C]	11 Jan		
4. DC/CA (signature) MPS/BG/CA ZEE/PEG	C 7 26 JAN 1967	10 Jan	Type of Action PEG Evaluation Officer	FY 1967 Renewal Horvath
5. ADDP	26 JAN 1967		Date Received: Date Due in DDP/PG:	14 November 1966

Interagency Coordination: On 8 July 1966, the 303 Committee strongly endorsed the activities of The Asia Foundation in a decision to improve substantially TAF's domestic U.S. credentials. Normal program liaison continues with the Department of State and abroad. TAF representatives continue to maintain necessary liaison with U.S. Government officials either overtly or through the Stations, covertly.

COMMENTS:

1. DTPILLAR requests [] (programmed []) for FY 1967 to provide funds for the continuation of the activities of The Asia Foundation (TAF). Funds for the additional [] to cover the costs of a Staff Agent assigned to the project in Vietnam are available within the CA Staff budget for FY 1967. In FY 1966, DTPILLAR was approved for [] and obligated [].

2. During FY 1967, TAF continued to utilize its access and expertise to make further significant contributions to U.S. Government and Agency goals. TAF programming highlights during FY 1967 (pages 3, 4 and 6) include:

a. TAF advisors helped to broaden Afghanistan's marketing patterns, improve export earnings and decrease Afghan dependence upon Soviet markets.

b. TAF's programming and influence increased substantially with Ceylon's Senanayake Government.

c. A key TAF grant, matched by a \$300,000 grant from the Department of State, insured the construction of a student center at the new Chinese University in Hong Kong.

d. In India TAF support to two Institutes provided training as well as a common meeting ground for rising and established leaders.

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S E C R E T

- e. Urban planning and government reorganization programs added to TAF's substantial program in Korea.
 - f. TAF's Buddhist programs in Laos, Vietnam and Thailand continue to contribute to the stabilization and constructive utilization of this important group.
 - g. In the Philippines, earlier TAF grants led to a \$230,000 Ford Foundation grant to a complex of colleges. Rural development program continued to produce improvements and a slum area program was prepared at the request of President Marcos.
 - h. Continued extensive programming with private organizations, the Chinese community and the governments in Singapore and Malaysia.
 - i. With the closing down of TAF's offices in Cambodia, the Cambodian students now in the U.S. are being handled by TAF Headquarters.
 - j. Disseminated 41 CS and 00 reports. Bi-monthly situation analyses continue to be supplied to Stations, Chiefs of Missions, the Department of State, OCI and ONE. TAF field representatives continue to supply stations with information, bio-data and assessment of value for operational and background use.
 - k. A series of studies in depth by TAF on the political ingredients of Buddhism have been given limited dissemination to designated individuals in Headquarters, Field Stations, State Department and The White House.
3. In the wake of the New York Times series on the Agency, TAF's domestic U.S. cover faced clear challenge. On 8 July 1966, the 303 Committee met to consider TAF's situation. TAF's effectiveness and value to the U.S. Government were strongly reaffirmed and the Agency was authorized to undertake a number of measures to shore up TAF's ostensible private image. These include: TAF to seek bona-fide private donations for operations and endowment fund purposes; Agency to provide funds for endowment purposes; and effect TAF-AID project contracts on a highly selective basis. The decision to improve cover is being implemented step-by-step and will be cleared finally with appropriate individuals in Congress.
4. TAF's budget presentation for FY 1966 and FY 1967 is summarized on pages 7 and 8:

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Administrative - The San Francisco and New York sum represents the costs required to provide overall policy control and direction for the Foundation, maintain liaison with U. S. universities, suppliers and other institutions, and provide backstop support and services to overseas operations including training of personnel slated for overseas operations (over 60% of the San Francisco budget is allocated to training). The overseas administrative sum finances the operating costs of the 17 offices in Asia. FY 1967 -- [] .

Programs - The amounts and percentages of programmed funds in FY 1966 and FY 1967 allocated to various categories of activities such as Education, Rural Development, Representatives D&TO, etc., are listed on page 8 of the project renewal. In FY 1967, except for a 4% increase in Economic Labor Action and small variations in various other categories, the allocation of programmed funds remains essentially the same as in FY 1966. The Representatives D&TO (14%) is used to support those projects and activities which have not matured to the point of presenting a firm project proposal and to permit the Representative to seek out and explore new opportunities for programming. FY 1967 -- [] for programs, [] for Regional Programs and [] for Support.

President's Reserve Fund - This fund is designed to explore new fields of activity and support imaginative projects not included in the regular budget. Activities undertaken through this fund are cleared with the Station concerned and Headquarters. FY 1967 -- [].

Special Anti-Communist Development - This fund is designed to encourage projects which anticipate or can counter opposition activities within the limits of TAF's ability and image. Activities undertaken through this fund are cleared with the Station concerned and Headquarters. FY 1967 -- [].

(Attachment 1: The ground rules under which the President's Reserve Fund and the Special Development Fund operate can be noted in the attached cable sent to field stations, DIR 77466, 3 February 1966. Several examples of activities undertaken under these funds are also attached.)

5. Each year the Agency asks the Department of State to solicit the independent views of the Chief of Mission in areas where TAF is programming on the effectiveness of the Foundation's programs and personnel. Attachment 2 is a memorandum prepared for the DCI, 26 April 1966 summarizing the Chief's of Mission responses which are commendatory and constructive.

S E C R E T

6. Each year the Chief's of Station are asked to comment on TAF's budget and program for the coming fiscal year in their respective areas. Attachment 3 summarizes the response of the COS' on the FY 1967 budget and program. These comments are generally favorable.

7. The project renewal has been reviewed by FE Division, NE Division and CA Branches 3, 4, 5 and CA/PROP. NE Division concurred without comment. The CA Branches and CA/PROP concurred in the project without comment or recommended approval. FE Division concurred in the project renewal but commented that although there is no question of the value of this project's activity in support of overall U.S. Government purpose in Asia, "TAF does not function effectively, given the cost of this program, as a covert political action instrument except in rare cases." FE Division's comment was in reference to the project objective which states that "while it functions effectively as a covert political action instrument, TAF publicly adopts the posture of a private non-political institution." FE Division also notes that the cover problem of TAF cannot be resolved by the adjustments proposed in the funding of TAF.

8. Although CA/PEG concurs with FE Division that the adjustments being made in TAF's funding will not completely eliminate from the records the past relationship of the Agency to TAF, we consider it an appropriate and necessary step to be taken considering the interest by the 303 Committee and other U.S. Government officials in maintaining the activities of TAF in Asia. As to FE Division's comments on the covert role of TAF, the comments of Chief's of Station tend to refute the comments made by FE Division in Headquarters. In addition, the reviewing officer who also reviews FE projects has, on several recent occasions, come across highly laudatory comments on the activities of DTPILLAR and its representative in support of the Station's objectives and programs. For example, in [] TAF Representative in Hong Kong and his activities in support of the [] program are noted in most favorable terms.

9. Recommend approval. We strongly recommend that DTPILLAR for FY 1968 be processed by May or June 1967. The TAF budget and the comments from the Chief's of Station and Chief's of Mission are obtained in April 1967. Shortly after this exercise, would be the time to process project DTPILLAR. We also suggest that CA/B2 submit with the project renewal a summary of comments of the Chief's of Station and the Chief's of Mission, several specific examples of project activities which covertly support Station's efforts and several project activities undertaken through the President's Reserve Fund and the Special Development Fund. It appears completely unnecessary for CA/PEG to request this information each year as additional attachments.

Att. 1

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THE COUNCIL OF THE FEDERATION

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FROM PRESIDENT DIPILLAR TO LOCAL HOSPITALS

1. MID YEAR BALANCES PRESIDENT'S RESERVE FUND (PRF) AND SPECIAL DEVELOPMENT FUND (SDF) ARE BEING TRANSMITTED VIA OVERT MESSAGE. FOLLOWING PROCEDURES IN EFFECT FOR PROCESSING PROPOSALS FOR FUNDING EITHER PRF OR SDF:

A. SUBMIT PROPOSALS USING NORMAL FORMAT WITH FULLEST POSSIBLE STATEMENT RE PROJECT QUALIFICATIONS FOR SPECIAL FUNDING.

B. CONCURRENTLY SUBMIT VIA STATION COMMO SEPARATE STATEMENT JUSTIFYING PROPOSAL IN TERMS OF PILLAR'S BASIC POLITICAL ACTION OBJECTIVES. PROJECTS WILL NOT BE PROCESSED UNTIL RECEIPT THIS STATEMENT. FOR YOUR INFORMATION KUBARK HQS WILL IN MOST CASES SEEK STATION VIEWS BEFORE ENDORSING PROPOSAL. YOUR ADVANCE CONSULTATION AND INDICATION IN YOUR STATEMENT OF STATION SUPPORT WOULD THEREFORE BE HELPFUL.

C. AFTER PROCESSING PROGRAMS DEPARTMENT, RECOMMENDATIONS FORWARDED TO DIRECTOR. IF DIRECTOR APPROVES, KUDAK HQS

(CONTINUED)

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CONTENTS PAGE NUMBER

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Exhibit 1
Exhibit 2
Exhibit 3

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MESSAGE FORM
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INDEX
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PAGE TWO

FROM: DIRECTOR

INFO: VM , REC [] END COPY

INFO CITE DIR 77466
THEORSEMENT WILL BE SOUGHT. FIELD WILL THEN BE INFORMED OF ACTION TAKEN.

2. CRITERIA FOR BOTH FUNDS OVERLAP: SDF DESIGNED ENCOURAGE PROJECTS WHICH ANTICIPATE OR COUNTER OPPPOSITION ACTIVITIES WITHIN THE LIMITS OF DTPILLAR'S ABILITY AND IMAGE; PRF DESIGNED ENCOURAGE EXPLORATION NEW FIELDS OF ACTIVITY AND SUPPORT IMAGINATIVE PROJECTS NOT INCLUDED IN REGULAR BUDGET.

3. EFFECTIVE 1 MARCH AND EACH MONTH THEREAFTER CURRENT BALANCE THESE FUNDS WILL BE REPORTED TO YOU VIA DTPILLAR OVERT MAIL. YOU ENCOURAGED SUBMIT PROJECTS FOR THESE FUNDS. ~~EXCERPT FROM DRAFT~~
~~DEPARTMENT OF DEFENSE~~

END OF MESSAGE

FE/CRA

DC/NESA

COORDINATING OFFICER

S-E-C-R-E-T

CVCA
AUTHENTICATING
OFFICER

T. L. [Signature]
ADDP
EXCHANGES OFFICER

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Projects Approved for President's Reserve Fund for FY 1967

Korea - Administration Staff Training for Members of National Assembly ROK - \$14,200. This project provides funds for the training of four staff members of selected permanent standing committees of the Korean National Assembly. The training will be administered by the American Political Science Association through the Congressional Fellowship Program. and the Ambassador worked with TAF Representative in formulating the program which has their enthusiastic endorsement.

Comments on the project were as follows: "The National Assembly can play a vital role in the continuing development of stable and responsible Government in the ROK. The Assembly can also greatly obstruct and discredit the development of democratic institutions. Training of members of the permanent staff is one way to help the Assembly develop in the direction we hope it will go."

is in contact with the speaker of the National Assembly and hopes to develop the four staff members during their ten-month stay in Washington, D.C.

Special Anti-Communist Development Fund Projects Approved for FY 1967:

Special support to the 8th General Conference of the World Fellowship of Buddhists. In order to insure that there would be an adequate number of pro-Western anti-Communist Buddhists at the Conference to counteract the plans of the Russian and Mongolian delegates, TAF gave a grant to the World Fellowship of Buddhists Secretariat to pay the travel expenses of delegates from countries where TAF is not represented, such as New Zealand, Australia, West Germany, Tibet, Nepal, Sweden, etc.

Special Development Funds were used to support several Cambodian students in the U.S. who are of interest to the Agency.

Special Development Funds in the amount of \$10,000 were used for Book Programs, travel surveys and development programs with the new anti-Communist Government of Indonesia.

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Att. 2

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26 APR 19

MEMORANDUM FOR: Director of Central Intelligence
VIA: Deputy Director for Plans
SUBJECT: Chiefs of Mission Comments on the Work
of The Asia Foundation (TAP)

1. This memorandum is for the information of the Director of Central Intelligence.

2. Each year the Agency asks the Department of State to solicit the independent views of Chiefs of Mission in areas where The Asia Foundation is programming on the effectiveness of the Foundation's programs and personnel. Attached are responses received by the Department thus far this year, including all but the comments of Ambassador Blair in the Philippines. We find these letters generally commendatory, encouraging and constructive. We have conveyed them in substance to the President of The Asia Foundation as a further guide to shaping the program for the coming year. Key points and excerpts from these letters are outlined below.

3. Charge Archer Blood, speaking for Ambassador Steeves in Kabul, reports that the Foundation "continues to be a remarkably effective organization in support of U. S. official objectives in Afghanistan." He notes that the Foundation "can gather under its roof at one time more of the real decision makers in Afghanistan than any diplomatic mission or other Government organization can do."

4. Ambassador Lyon in Ceylon says that Foundation projects "are worthwhile, effective and in line with what we would like to see done in Ceylon." Ambassador Lyon commends the Foundation's flexibility in responding to programming opportunities of U. S. national interest and encourages an expansion in its activities in subsequent years.

5. Consul General Rice in Hong Kong commends the Foundation's support to the Chinese University, the Committee for Development of Socio-economic Life in Asia and the China News Analysis. He exhorts the Foundation to do more along lines of assisting Chinese and other Asians to study China and less for Western scholars seeking to understand China.

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6. Ambassador Reischauer in Japan reports that he has reviewed the program in detail, finds it "excellent" and recommends its approval as written. Ambassador Reischauer expresses "full confidence that the work of the Foundation will continue to be carried out in a way that will further the policy objectives of the U. S. Government."

7. Ambassador Brown in Korea describes the Foundation as "a really effective instrument for providing American support to institutions and individuals in a wide range of useful activities throughout Korean society." He particularly commends the Foundation's practice of providing assistance on a diminishing basis, thus to encourage self-help and self-sufficiency.

8. Charge Emory Swank in Laos, speaking for Ambassador Sullivan, reports that the Mission is "impressed by the Foundation's ability to carry out so useful and extensive programming on a limited annual budget of about \$150,000." Charge Swank particularly commends the Foundation's success in the publication of Chinese language textbooks, countering strong Chinese Communist efforts in Laotian educational and cultural affairs.

9. Ambassador Bell in Malaysia believes that "the Foundation provides the Mission with a flexibility of action and funding which complements our own efforts and gives us an operational ability far beyond that provided by our own efforts." Ambassador Bell finds the Foundation Representative, Mr. Eilers, "cooperative, energetic and imaginative, and notes that all three Foundation Representatives (Borneo, Malaysia and Singapore) avoid duplication and competition through careful coordination. Consul Richard Donald in Singapore adds that "TAF's intelligent focusing of its limited resources on the really basic problems...has highlighted the validity of its programs in terms of furthering the official U. S. objectives of economic viability and redirection of Chinese chauvinistic forces." Consul Donald finds that the major utility of the Foundation is its unofficial status and "its flexibility and relative absence of bureaucracy which makes it an appropriate tool for use in a fast moving and demanding situation."

10. In Taiwan Charge Arthur Hummel points out the necessity for the Foundation representative to be in close contact with official and private Americans in a complex, personal and political atmosphere. Charge Hummel commends TAF assistance to Cheng Chi University Graduate Center and,

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in general, finds the Foundation's program beneficial to U. S. objectives in Taiwan.

11. Ambassador Martin in Thailand writes that the Foundation "continues to show a degree of flexibility in lending a helping hand in various programs when for various reasons the needed assistance cannot be provided through Government channels. This flexibility is perhaps one of its most outstanding advantages." Singled out for particular endorsement are the Foundation's programs with the Buddhists, Thai Universities and in the production of Chinese textbooks.

12. Ambassador Lodge reports that "the two American Representatives of the Foundation in Saigon maintain close contact with officers of the U. S. Mission and we have been impressed with the competence and judgment of the Foundation staff." He notes that the Foundation is able to process grants in a much more rapid and informal manner than the Mission can, and goes on to say that the Foundation's "independence of the U. S. Government and flexibility in being able to endorse projects which we cannot support have made it a valuable element in our effort here."

13. In a letter which was pouched directly to Mr. Bowles and to the President of the Foundation, Ambassador Bowles recommends a substantial expansion of Foundation programming in India. Ambassador Bowles would particularly increase provision of American books and professional journals, travel grants to Indians for study in the U. S. and projects which entail substantial matching rupee contributions from Indian sources.

14. The obvious action points in these letters, along with the comments and suggestions of our Chiefs of Stations and other senior Agency officers, have been factored into Agency guidance to The Asia Foundation for its present and future programs.

Signed []

C
Acting Chief
Covert Action Staff

cc: DDCI

Distribution:

Orig & 2 - DCI	1 - C/CA
1 - DDCI	1 - CA/2 Chrono
1 - DDP	1 - Ambassador's Letters
DDP/C/CA/2/C:ct	(22 April 1966)

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Att. 3

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Comments FY 1967 Budget

C] - "We discussed each aspect of the program with the Representative. We perceive no overlapping with other U.S. activities and believe the program supports Station and Embassy country objectives."

C] - Program was the result of consultation and agreement with the Representative and C]. The program supports country team objectives and supplement C] efforts.

C] - The program represents no significant changes from previous years. Projects of interest include support to SELA (credit union), a Chinese language edition of China News Analysis, support of a study on Chicom Military, and the achievement of the journalism school at the New Chinese University. C] will discuss program with President of TAF in San Francisco including Representative's plan for strengthening the study of science in which we concur.

C] - "Budget discussed at Headquarters with C] and Ambassador. Budget in general very favorably reviewed. In commenting on the Representative's covert annex and the proposed TAF policy of creating a solidly based Free Asian Community as a long-range counterbalance to Communist China C] in IN 61802 (28 Feb 66) states 'TAF is the Agency's most important asset for this task and others designed to provide a context of intra-Asian cooperation.'"

C] - "Commenting on preliminary forecast stated we consider it well balanced in light of nature of TAF activities. Particularly noteworthy projects are support to physics symposium and experimental opinion survey of Chinese residents Japan both in support of Tokyo/China branch activities. Vietnam/Japanese relations will be given emphasis as well as touched upon by Ambassador during debriefing Washington."

C] - "TAF C] liaison and coordination/cooperation is best exemplified in Korea. C] submitted three page telecon commenting on each TAF project and how it is related to or is of direct assistance to Station covert operations."

C] - C] believes the FY 1967 budget 'outlines a well rounded program aimed to meet overall country team objectives in Laos'. They particularly endorse hiring Frank Lui as full-time advisor to Ministry of Education for Chinese affairs; increasing the development category to \$35,000 to cover likely needs over next year particularly the educational specialist for the Pali Institute."

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[]- "Overall budget responsive to U. S. aims and focuses on major problem areas economic and social development as well as Malay/Chinese Chauvinism and Communism. Several projects directly support [] and covert action objectives of the Related Mission Directive. Specific projects are listed in the cable."

[]- "[] recommends no significant changes. TAF's program is subject to GOP restrictions and thus inhibited."

[]- "Believe overall budget follows long-term [] objectives. Nearly all projects concentrated in such areas as regional development, rural regeneration, mass media, labor and manpower, youth and students, all areas of operational concern to []. Believe budget well oriented to support U.S. objectives in Philippines. commented separately on The Rural Development Program proposal which [] looks on as something of a touch stone of degree to which TAF program here can successfully and resiliently complement operations in a concrete instance."

[]- " [] commented very highly on general thrust and content of TAF [] program relative []/Embassy country objectives."

[]- "We believe most of the projected activity is broad and flexible enough to embrace most of [] need regarding greater coverage in the intellectual student field, economic/political development sphere, Buddhists and other stability-related religious areas, with selected assistance to be given to both Taiwan and Mainland elements. It is among the younger and middle-aged elements of the private sector where we [] believe TAF can make the most unique contribution and gain and develop access which is normally out of range of []. In addition we foresee operational potential in periodic visits by L. Z. Yuan. He has good contacts here and can be useful operationally in the context of reporting on The Government of the Republic of China activities and influence on []"

[]- "Chided Headquarters for failing to increase the Representatives Budget for FY 1967, stating 'It is difficult for us to understand why this dynamic program, excellently meshed with [] Related Mission Directive, and, which we have repeatedly stated is in keeping with U. S. objectives in the country and in the area, should be hindered through lack of sufficient funds and sufficient flexibility'."

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[] [] [] endorses and recommends approval of TAF budget for FY 1967. This is a product of continuing frequent contact between the Representatives and Station most of what we proposed can now be done. Much of it is of value to the Agency. Proposals are in line with Agency objectives and do not represent marginal do-good efforts. We feel the balance of effort and costs is excellent."

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Comments

29 November 1966

MEMORANDUM FOR: C/CA/PEG
SUBJECT : Project DTPILLAR Renewal

1. CA/B5 recommends approval for Project DTPILLAR for FY 1967.
2. During the past year CA/B5 mechanisms were fairly active in the Far East with major meetings in Tokyo (Sixth General Assembly of the World Assembly of Youth) and Manila (Asian Regional Cooperation Seminar sponsored by the International Student Conference). Both of these meetings received useful and timely support from DTPILLAR's Headquarters and its Field Representatives. For example, by providing travel grants and financing some of the meetings' administrative costs, DTPILLAR improved the security of WOFACT's complicated and sensitive funding arrangements for both of these international meetings. We have also found DTPILLAR reports extremely useful in briefing CA/B5 agents on several FE youth and student situations.

[]
C/CA/B5
[]

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MEMORANDUM FOR: C/CA/PEG

SUBJECT : Comments on DTPILLAR Project Renewal

1. We feel that Project DTPILLAR should be approved.
2. CA/2 consults this Branch on labor and labor-related projects. We find this consultation mutually useful.
3. In our opinion, the activities undertaken by DTPILLAR in the "Economic Labor Action" category noted in the Project Outline, contribute to both labor operational ends and to the Project Objectives.

✓ [] - - -
CA/4/SRT

APPROVED:

C/CA/4

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14 NOV 1966

MEMORANDUM FOR: CA/PEG

SUBJECT : FE Division Comments on DTPILLAR Project
Renewal

1. We do not question the value of this project's activity in support of overall U. S. Government purpose in Asia. There are, however, certain comments we would like to make with regard to the project as written.

2. Paragraph 4a - Current Objectives states: "While it functions effectively as a covert political action instrument, TAF publicly adopts the posture of a private non-political institution." It is our view that TAF does not function effectively, given the cost of this program, as a covert political action instrument except in rare cases. The above cited public posture precludes any broad covert political use.

3. Paragraphs 4d&e touch on TAF's cover problem. The impression given the reader is that the problem is entirely related to the source of funds and that this is being taken care of. In our view the funding problem will only be solved by:

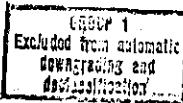
a. A complete break with CIA, which, as we see it, would not really reduce the effectiveness of TAF as it now operates;

b. A different and acknowledgeable source of U.S. Government funds, i.e., the White House.

It should be recognized, however, that neither of these will prevent an exposure by Ramparts or some other publication of the long relationship between CIA and the Asia Foundation, which fact is presently known to people numbering in the thousands.

Chief, FE/CA

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REQUEST FOR CA PROJECT RENEWAL

1. TOTAL FUNDS REQUEST FY-1967

Administration

San Francisco and New York
Overseas

[] []

Total Administration

[]

Programs

Overseas
San Francisco Administered
Support

[] [] []

Total Programs

[] []

President's Reserve Fund

[] []

Special Anti-Communist Development

[] []

Total

[] []

Hqs Costs for One Staff Agent

[] []

Total Budget for Project

[] []

2. AMOUNT IN WHICH PROJECT WAS INCLUDED IN THE OPERATIONAL PROGRAM

The Asia Foundation (TAF) was included in the FY1967 Operational Program in the amount of []. Funds for the additional [] costs occasioned by the assignment of a Staff Agent to the project in Vietnam are available within the CA Staff budget for FY-1967.

3. SUMMARY OF FUNDS APPROVED AND OBLIGATED BY FISCAL YEAR SINCE INITIATION:

<u>Fiscal Year</u>	<u>Approved</u>	<u>Obligated</u>
1951	[]	[]
1952	[]	[]
1953	[]	[]
1954	[]	[]

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<u>Fiscal Year (ctd)</u>	<u>Approved (ctd)</u>	<u>Obligated (ctd)</u>
1955	[redacted]	[redacted]
1956	[redacted]	[redacted]
1957	[redacted]	[redacted]
1958	[redacted]	[redacted]
1959	[redacted]	[redacted]
1960	[redacted]	[redacted]
1961	[redacted]	[redacted]
1962	[redacted]	[redacted]
1963	[redacted]	[redacted]
1964	[redacted]	[redacted]
1965	[redacted]	[redacted]
1966	[redacted]	[redacted]

*This includes the allotment of [redacted] in FY-1964 Agency funds approved and obligated 26 June 1964 for program and administrative expenses which were funded and expended by TAF during FY-1965.

4. PROJECT DATA

a. Current Objectives: TAF's covert mission is to support the attainment of U.S. policy objectives by assisting Asian individuals and institutions in their efforts to strengthen their own societies and institutions, giving priority attention to programs which: (1) counteract the appeals of communism, (2) promote viable ties with the U.S./West, (3) redirect extreme nationalism, (4) eradicate irresponsible neutralism/non-alignment, and (5) inculcate concepts of freedom and democracy. While it functions effectively as a covert political action instrument, TAF publicly adopts the posture of a private non-political institution. This public stance is a practical accommodation to the fact that the entire scope of TAF programming is open to scrutiny by host governments and the Asian press, as well as by other foreign governments and non-witting Americans. At the same time, by openly declaring its intention to assist Asians in activities designed to promote social and economic progress, and by carefully cultivating its public image as a private foundation, TAF is able covertly to support U.S. Government and Agency missions in Asia. Its programs are developed largely in the field by TAF Representatives in coordination with Stations and Chiefs of Mission. Substantive project proposals are reviewed by TAF and Agency Headquarters for consistency with U. S. policy, relevance to Station and Country Team objectives and propriety for private rather than U.S. official sponsorship. In 13 years of programming, TAF has established access and influence at all levels of society in the countries of Asia where it has been

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represented. During FY-1966 TAF was able to utilize its access and expertise to make further significant contributions to U.S. Government and Agency goals. For example:

- (1) TAF pursued its objectives in Afghanistan primarily through advisors in place with the Afghan Government. Combined efforts of TAF's Commercial Law Advisor and its senior advisor to the Minister of Planning helped the DGA to broaden internal and external marketing patterns, improve export earnings and decrease dependence upon Soviet markets.
- (2) Geylon's Seneayake Government evidenced warm receptivity to TAF with rapid approvals of project proposals and an increasing flow of program requests from high officials. TAF provided the services of a senior advisor to the Ministry of Trade and Commerce to help improve export and marketing systems. Again this year TAF supported the training in Europe of 100 entrepreneurs, a key element of the Government's small industries development program.
- (3) In Hong Kong a key TAF grant, matched by a \$300,000 grant from the Department of State, insured the construction of a student center at the new Chinese University. That University's School of Journalism, developed with strong TAF support under the direction of a TAF advisor, consolidated its undergraduate program and attracted strong support from the Hong Kong press in the form of scholarships and on-the-job training for students.
- (4) TAF's emphasis in India on identifying emerging leaders and linking them with established political elites is producing excellent returns. Two major project efforts in this area, involving both material and advisory support to the Institute of Constitutional and Parliamentary Studies and the Mass Communications Research Institute, have provided training as well as a common meeting ground for rising and established leaders. Work with Indian universities continues through direct TAF support to the University Grants Commission.
- (5) TAF's substantial program in Korea is closely meshed with [] interests and has the enthusiastic support of Ambassador Brown. A major development during the year was the first urban planning program, launched by the Korean Government under a TAF grant and TAF Advisor Oswald Nagler. Another senior TAF advisor participated with Korean Cabinet officers in preparation of a plan for Government reorganization.

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(6) TAF programming in Laos and Vietnam was marked by projects which helped shore up the Laotian and Vietnamese profile - vis a vis American - in those countries' counter-insurgency efforts. The TAF Sangha Social Service program in Thailand, where educated monks are employed to bring remote areas into closer touch with urban power centers, was successfully duplicated in Laos and next year will be adopted by the Ministry of Cults. In Laos and Vietnam - as in Thailand - TAF's Buddhist programs continued to contribute to the stabilization and constructive mobilization for nation-building of this important group.

(7) TAF's role as a catalyst was recently demonstrated by a \$250,000 Ford Foundation grant to a complex of colleges in Cotabato and Sulu provinces in the Philippines. This grant was the outgrowth of extensive groundwork laid through earlier TAF grants. Responding within 48 hours to a personal request from President Marcos, TAF President Williams produced a \$5,000 grant and a tentative plan for a CCP slum area program. Meanwhile TAF's rural development program in Mindanao continued to produce improvements in administrative efficiency and economic progress in these rural areas.

(8) In both Singapore and Malaysia, TAF's role is so widely accepted at all levels of government that there is a continuing need for the Representatives to be selective in responding to the many official requests for assistance. TAF continues to work closely with the Chinese community in both countries and to provide senior American advisers to both government and private organizations.

(9) In Thailand TAF placed high priority on breaking down the traditional isolation and suspicion toward the Central Government found among both Thai and minority groups in the provinces. Upgrading programs in the southern Muslim schools and hill tribe research programs were complex. Perhaps the most significant TAF contribution in Thailand has been its success in helping the Buddhist Sangha formulate and implement a constructive role in nation-building through social services. Given the breadth and depth of Buddhism in the Thai national social fabric, such programs can provide invaluable contributions to Thailand's counter-insurgency effort.

(10) Although it outlasted all other private and official American presence in Cambodia by ten months, TAF finally closed its Phnom Penh office in March 1968 after eleven years of resident programming. Prime Minister Kandal's letter to the TAF president did leave the door open for

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future programming, when relations between Governments improve. The NSC is fully aware of TAF's continued programming in support of some twenty Cambodian students in the U.S., and has registered tacit approval.

b. Changes: During FY-1966 TAF effectively reduced the number of administrative personnel, both at headquarters and the field and cut its staff of foreign nationals by 15 persons. At the same time, new programming opportunities in FY-1967 will result in the following additional program personnel:

- (1) Four assistant representatives to be posted in the Philippines, Taiwan, Thailand and Vietnam.
- (2) Program specialists in Buddhist affairs for San Francisco office.
- (3) A program specialist in Indian affairs.
- (4) A Special Assistant to the President for Development - this senior officer will be responsible for public relations and fund-raising, with their attendant cover and security problems.
- (5) Additional personnel to handle student grantees, required because of increased Agency requirements in this field and because of the increased number of Cambodian students now in the U.S. who have required TAF Headquarters handling since the closing of the Cambodian field office.
- (6) An increase in the number of American advisers overseas. Salaries and allowances for advisers are listed as program costs. They are, however, considered Foundation employees for insurance and tax purposes and are thus included in the following roster:

U.S. citizens in U.S.	99
U.S. citizens in field	63
Foreign nationals in U.S.	6
Foreign nationals in field	
Operational	151
Custodial	<u>50</u>
	262

Charles J. Hitch joined the Board of Trustees; Paul C. Smith and John N. Irwin II resigned. The Board now has 21 members. Efforts will be made during this fiscal year to bring the Board up to full strength (25) with special

[Signature]

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attention to those who would be instrumental in attracting private funds for endowment.

c. Intelligence Production: During FY-1966, 41 CS and CO reports were disseminated. In addition, 76 TAF reports were consolidated under ten Headquarters report numbers and distributed to interested desks in GCI, COM and OGR. Efforts have continued during the year to further increase the quality and timeliness of TAF reports. Bi-monthly situation analyses continue to be supplied to Stations, Chiefs of Mission, the Department of State, GCI and COM. These reportedly are well received as objective reports from knowledgeable sources with unique access. The Representative in the field continues to supply the Station with information, bio-data and assessments of value for operational and background use. In consultation with leading U.S. scholars, TAF applied its twelve years of programming expertise in the Buddhist field to a series of studies in depth on the political ingredients of this important element of the current Asian political spectrum. These obviously sensitive documents have been given carefully limited dissemination to designated individuals in Headquarters, Field Stations, State Department and The White House.

d. Effectiveness: TAF's performance was reviewed carefully during the process of an examination of possible major improvements in funding cover and, on 8 July 1966, was strongly endorsed by the SOS Committee in a decision to shore up substantially TAF's domestic U.S. credentials. Additionally, annual comments on TAF by Chiefs of Mission to the Department reaffirmed, country-by-country, TAF's effectiveness in pursuit of its assigned mission.

e. Problems: In the wake of The New York Times series on the Agency, and in an atmosphere of national ferment over the war in Vietnam, TAF's domestic U.S. cover faced clear challenges. The decision to improve cover, endorsed by the SOS Committee, is being implemented step-by-step and will be cleared finally with appropriate individuals in Congress.

f. Liaison: TAF representatives continue to maintain all necessary liaison with U.S. Government officials and officers, either through contact in their overt capacity or through the Station, which covertly represents TAF on the Country Team.

g. Interagency Coordination: Normal program policy liaison was carried out with the Department of State in Washington and its Chiefs of Mission or their designated representatives abroad.

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h. Plans: Programs with - and, if circumstances warrant, within - Indonesia and Nepal. A conference in Hong Kong 19-22 December 1966, chaired by TAF Trustees Wallace Sterling (Stanford) and Grayson Kirk (Columbia), of major Asian university presidents. Subject, "Role of the Asian University in Asian Development," with regional sessions chaired by TAF Representatives. Major increases in programming in the field of law in Vietnam, Japan, the Philippines and Korea. Placement in Hong Kong of TAF's senior advisor (Arthur Paul) on Economics and Development Planning as a regional consultant. His services will be available to all area representatives.

i. Costs: Three headquarters case officers, one security or officer and two secretaries spend full time on the operations of this project.

**TOTAL PROPOSED BUDGET FY-1967
(with comparison to FY-1966)**

<u>Administration</u>	<u>FY-1966</u>	<u>FY-1967</u>
San Francisco & New York Overseas	[]	[]
Total Administration	[]	[]
<u>Programs</u>		
Overseas San Francisco Administered Support	[]	[]
Total Programs	[]	[]
<u>President's Reserve Fund</u>	[]	[]
<u>Special Anti-communist Development</u>		
Total	[]	[]
Hqs Costs for one Staff Agent (see para 1)		
Total Budget for Project	[]	[]

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PROGRAM CATEGORIES (FY-1966 & 1967)

<u>Category</u>	<u>Amount FY-1966</u>	% of Program Budget		<u>Amount FY-1967</u>
		<u>1966</u>	<u>1967</u>	
Education		20	20.0	\$ [redacted]
Economic/Labor Action	13	16.0		
Rural Development	2	1.5		
Civic and Community Action	4	3.5		
Communications/Media	8	7.0		
Youth and Students	8	8.0		
World Affairs/Intellectual Understanding	3	3.5		
Social Science and Research	8	7.0		
Law and Government	8	8.0		
Science and Technology	4	3.5		
Services for Asians				
Travel or Study in U.S.	3	3.0		
Cultural and Intellectual Assistance to Professional and International Organizations	3	3.5		
Development	2	1.5		
TOTAL	<u>14</u>	<u>14.0</u>	100%	100.0%

Regional Programs

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PROGRAM FUNDS AVAILABLE FOR DEVELOPMENT IN FY-1966 & 1967

	FY-1966		FY-1967	
	Total Development Program Funds	Total Program Funds	Total Development Program Funds	Total Program Funds
Afghanistan				
Cambodia				
Ceylon				
Hong Kong				
India				
Indonesia				
Japan				
Korea				
Laos				
Malaysia				
Pakistan				
Philippines				
Republic of China				
Ryukyu				
*Singapore				
Thailand				
Vietnam				
San Francisco				
TOTAL	[]	[]	[]	[]

*Singapore included in Malaysia Federation during FY-1966

Regional Programs

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DD/P 6-0580

10 February 1966

Executive Registry

66-664

MEMORANDUM FOR: Deputy Director of Central Intelligence

VIA: Deputy Director for Plans

SUBJECT: CA Staff FY 1967 Budget Allocation for
Free Europe, Inc. (FE, Inc.), Radio
Liberty Committee (RLC), and The Asia
Foundation (TAF)

1. This memorandum requests the concurrence of the DDCI as stated in paragraph 3.

2. CA Staff has received an FY 67 budget allocation of [] This represents a reduction of approximately [] under the estimate of CA Staff requirements as submitted with the Office Estimates in the fall of 1965. As you know, the Bureau of the Budget (BOB) declined to support the increases for FE, Inc. and RLC which we attempted to justify. A substantial part of this reduction is accounted for by this BOB action.

3. I continue to believe that some upward adjustment in the FY 67 budgets for the two radio operations is necessary in order to avoid unacceptable operations cut-backs. To this end I have been examining their needs as well as the needs of other CA Staff operations in the context of the FY 67 budget allocation which we have now received.

4. FE, Inc. proposed an FY 67 budget figure of [] in excess of its FY 66 allocation. While agreeing that the operational aspects of this expanded program were desirable, CA Staff eliminated certain items for reasons of economy. I proposed to the BOB an increase of [] for FE, Inc. After lengthy presentations and discussions, the BOB disapproved all increases with the exception of [] to cover the short-fall in the 1965 fund-raising effort. (In other words, this increase is necessary just to maintain FE, Inc. at the same budgetary level in FY 67 as in FY 66.) FE, Inc. estimates its built-in cost increases to be approximately []

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During the past fiscal year, FE, Inc. absorbed approximately [] of its built-in cost increases by eliminating a number of marginal operations. I do not believe that FE, Inc. can absorb an additional [] in built-in cost increases in the coming fiscal year without severe operational pruning which we would regard as unacceptable.

5. I propose, therefore, to find an additional one-half [] within CA Staff's FY 67 allocation for FE, Inc. I believe that with careful management this will enable FE, Inc. to get through the FY 67 budget year without severe operational loss. I must advise you, however, in all candor that I do not believe this figure will be acceptable to John Richardson, President of FE, Inc., or to the Board of Directors and may result in Mr. Richardson's resignation. While I would be extremely unhappy to lose Mr. Richardson, I do not feel that my budgetary position permits any larger allocation for FE, Inc.

6. RLC's requirements for FY 67 were estimated to be \$2,191,000 in excess of its FY 66 budget. BOB representatives have declined to agree that RLC should expand its operations at this time and concluded that RLC could maintain its present level of activity with an increase of approximately \$200,000 for FY 67. In my judgment this is insufficient to maintain the Committee's level of operations and I propose to allocate an additional [] for the upcoming budget year. RLC would thus receive [] additional to cover a rock-bottom estimate of [] for built-in costs and an increased capital outlay on the Munich office building. As a result, it will be forced to absorb 20 to 25% of these increased costs. As in the case of FE, Inc., this will tax the managerial effectiveness of RLC, but I think it can be done.

7. TAF requested an additional [] for FY 67 and the CA Staff supported [] of this proposed increase. After its review both in the field and here in Washington, the BOB concurred in the full increase of []. However, in view of the necessity for me to make adjustments in order to provide for the most urgent needs for the radio operations, I propose to allocate TAF an increase of only []. For your information, proposed expansion in other operations of the CA Staff in the fields of labor, youth and students, radio and TV, and international organization operations has been reviewed again and downward adjustments made in order to accommodate the need to meet the minimum requirements for FE, Inc. and RLC. Increased allocations for all these activities during FY 67 will be under [].

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8. Your concurrence is requested in my advising the presidents of FE, Inc., RLC, and TAF respectively that their budget allocations for FY 67 will in each case be the equivalent of [] above the FY 66 budget totals.

[]
[]
[]
Chief
Covert Action Staff

RECOMMEND CONCURRENCE:

/s/ Thomas H. Karamessines 11 FEB 1966

Deputy Director for Plans

CONCUR:

/s/ Richard Helms 14 FEB 1966

DDCI

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DDP/DC/CA. C J:bb

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